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UNCLAS SECTION 01 OF 02 THE HAGUE 002335

SIPDIS

USDOC FOR 4212/USFCS/MAC/EUR/OWE/DDEFALCO  
USDOC FOR 3133/USFCS/OIO/OWE/ESLETTEN/PBUCHER

E.O. 12958: N/A

TAGS: [ETRD](#) [NL](#) [WTRO](#) [EUN](#)

SUBJECT: WTO MINISTERIAL: DUTCH DISAPPOINTED AND DISMAYED BY  
CANCUN BREAKDOWN

1. Summary and Comment: The immediate official Dutch reaction to the breakdown of the WTO Ministerial in Cancun is similar to the USG's with ministers decrying developing country and NGO tactics. The Netherlands sees talks resuming only after the negotiating climate improves but think it will take another ministerial to get substantive talks moving again; the earliest possible date for a follow on ministerial, they believe, would be July 2004. Ever the strategist, Economics Minister Brinkhorst apparently began to sketch out thoughts on restarting negotiations while on the plane home. Dutch officials are eager for any USG thoughts on next steps. Meanwhile, the Dutch press seems ready to blame developed countries for Cancun's failure. End Summary.

2. Following the abrupt termination of the WTO Ministerial in Cancun, Economics Minister Brinkhorst and Trade Minister van Gennip expressed to the Dutch press their dismay at the turn of events. Brinkhorst was bluntly critical of the G-21 calling its members - especially India and Brazil -- a "destructive force" and accusing former European colonies of following after the G-21 like "lemmings" with no regard for their own interests. G-21 statements, Brinkhorst claimed, were more centered in geopolitics than trade; van Gennip noted the bizarre Cancun negotiating atmosphere more akin, she thought, to a soccer match than a serious negotiation with the developing countries breaking out in cheers whenever one of their number criticized the United States or EU.

3. Brinkhorst had particular scorn for NGO's whom he accused of being more interested in profiling themselves than in promoting the true interests of the poor. Both ministers were critical of WTO DG Supachai who in his chairmanship of the cotton working group "let himself be dictated to by the United States." (Note: A Dutch trade official explained that Supachai's "quickly" replacing his paragraph on cotton with a U.S. drafted one contributed to the breakdown in the negotiating climate. However, this official hastened to add that even if cotton issues had been quickly agreed, the conference would have broken down over something else. End note). They also had mixed feelings about conference chair Derbez "who decided to terminate the conference while the EU was still conferring." Van Gennip accused the EU of poor internal communications, and Brinkhorst declared that the WTO has become "an old-fashioned organization," a fact partly attributable to its location in Switzerland, "a country where the cuckoo clock is the latest invention. It isn't Brussels or New York." Brinkhorst was pessimistic about a rapid resumption of the negotiations noting that a climate must first be created in which the talks can be resumed.

4. A senior Dutch trade official told us Cancun essentially was a power struggle between the EU/US on the one hand and the developing countries, led by Brazil and India on the other. The latter wanted to show that the WTO's agenda is no longer controlled by the rich developed countries. They succeeded, this official stated, but at the price of a failed Ministerial Conference. "The real negotiations," he said, "simply started too late." Hopefully, once they have sobered up, this official declared, the G21 will realize that just saying no to whatever is proposed by the other side does not deliver the results one is striving for.

5. Our contact thought that a future ministerial will be needed to put the negotiations back on track again as the "string of unmet deadlines after Doha clearly demonstrated that civil servants in Geneva, acting on instructions from capitals, are simply incapable of striking deals on matters which are politically sensitive." The Dutch foresee no possibility for another ministerial before July 2004 but hope that another can take place before early 2005. Meeting the 1 January 2005 deadline for finishing the round, the Dutch believe, now seems impossible, not only because of the need to build confidence after Cancun but also because of the U.S. elections and the appointment of a new European Commission after the elections for the European Parliament. The Netherlands would be very interested in known the USG's thoughts regarding next steps.

5. The Dutch media has initially decided to assign

developed countries the responsibility for the failure at Cancun however. The NRC HANDELSBLAD (an influential Rotterdam-based evening daily) editorialized that there are three lessons from Cancun: "Firstly, the EU and the U.S. need to cut their agricultural subsidies much more drastically. Secondly, the upcoming countries - India, China, Brazil - cannot be ignored. Thirdly, the WTO's structure needs to be changed drastically. It is impossible for 146 countries to reach unanimity on every technical detail. Daring initiatives are required, and soon." DE VOLKSKRANT (an influential slightly left of center daily) took a different but still critical tack writing that: "The American delegation in Cancun once again showed that the Bush government has little affection for multilateral agreements. Time and again the U.S. shows that it prefers bilateral agreements with (developing) countries, tuned in to American interests. Five years ago, the U.S. thus frustrated the trade talks in Seattle. This time however, the developing countries managed to form one block."

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